

### REMARKS

Claims 1-8, 10-16 and 20-24 are pending in this application; and in the Office Action, the Examiner issued a final rejection of all of these claims under 35 U.S.C. §102 as being fully anticipated by U.S. Patent 6,226,618 (Downs, et al.).

Applicants herein ask that independent Claims 1, 2, 3, 10 and 13 be amended to better define the subject matters of these claims.

For the reasons discussed below, Claims 1-8, 10-16 and 20-24 patentably distinguish over the prior art and are allowable. The Examiner is thus requested to enter this Amendment, to reconsider and to withdraw the rejection of Claims 1-8, 10-16 and 20-24 under 35 U.S.C. 102, and to allow these claims.

The present invention, generally, relates to a system and method for charging users for copying or using digital data. In a preferred embodiment, a server machine generates digital data content that is delivered to a client machine. This content may be of several types, such as audio, video, static image, or text; and the content may be delivered to the client machine in various ways, such as over a network, or by a data recording medium. Also, the server writes into an IC card "electronic money" that can be used to pay for the use of the generated content. The client machine then uses the delivered digital data content and the IC card is used to pay for the use of that data.

The IC card is provided with additional data, referred to as recognition data, that helps to identify the type of the digital data used by the client machine. This information is used to help determine how much the user should be charged for use of the data. Charging or payment information can be written into the IC card.

Downs, et al. discloses an electronic content delivery system, and this reference is directed to encrypting and decrypting that data. In column 3, lines 40-56 of Downs, et al, for instance, a procedure is described for encrypting, decrypting and then re-encrypting a data decrypting key.

There is a very important general difference between this invention and Downs, et al - the present invention is specifically directed to procedures and systems for charging for the downloaded data, while Downs, et al. is not specifically directed to that same purpose.

This general difference between the primary objective of Downs, et al, and the primary objective of the present invention is reflected in a number of more specific differences between Downs, et al. and this invention.

One of these specific differences is that Downs, et al. does not disclose or suggest the above-described use of an IC card.

It is noted that, in the Office Action, the Examiner cited Downs, et al, column 7, line 56 to column 8, line 5, as disclosing a recording medium of the type described in Claim 1. A careful review of this portion of Downs, et al, however, shows that it gives a general description of digital watermarks. The present invention provides a system that allows automatic, dynamic billing of a user. The invention may use a digital watermark, but does not require any specific digital watermarking technology.

In addition, it is noted that column 8, lines 6-15 of Downs, et al. discloses an encryption system for allowing a clearing house to transmit digital contents between a content provider and users in a secure manner. No billing or accounting is referred to here, though. Further, Column 10, line 50 to Column 11, line 28 of Downs, et al. refers to a clearing house. However, the present invention requires neither a clearing house nor transmitting data automatically by the

machine at a user and a media recording billing information.

Independent Claims 1, 2, 3, 10 and 13 describe the above-discussed feature of the present invention. More specifically, each of these claims describes the feature that an IC card includes the charging data and the recognition data, and that a client machine uses that IC card to pay for the use of the object data.

The use of an IC card in this way is of significant utility. For instance, as mentioned above, with this card, a user can be charged dynamically for the use of the delivered content, and the charge can be a function of the type of content that is delivered.

The other references of record have been reviewed, and it is believed that these other references are no more pertinent than Downs, et al. In particular, these other references also do not disclose or suggest the use of the IC card as described in Claims 1, 2, 3, 10 and 13.

In view of the above-discussed differences between Claims 1, 2, 3, 10 and 13 and the prior art, and because of the advantages associated with those differences, it cannot be said that any of these claims is anticipated by Downs, et al, and moreover, these claims all patentably distinguish over the prior art and are allowable. Claims 21 and 24 are dependent from, and are allowable with, Claim 1; and Claims 4-8 are dependent from Claim 3 and are allowable therewith. Similarly, Claims 11, 12, 22 and 23 are dependent from Claim 10 and are allowable therewith; and Claims 14-16 are dependent from Claim 13 and are allowable therewith.

The changes requested herein to Claims 1, 2, 3, 10 and 13 describe more specifically features already set forth in the claims, and in particular, the recording medium presently described in these claims is being described more specifically as an IC card. Also, the claims are being amended to differentiate, in a general sense, between functions that are performed by the server machine and the client machine. It is believed that this improves the readability of the

claims. For the above-reasons, it is believed that entry of this Amendment is appropriate, and such entry is respectfully requested.

The Examiner is, thus, asked to enter this Amendment, to reconsider and to withdraw the rejection of Claims 1-8, 10-16 and 20-24 under 35 U.S.C. §102, and to allow these claims. If the Examiner believes that a telephone conference with Applicants' Attorneys would be advantageous to the disposition of this case, the Examiner is requested to telephone the undersigned.

Respectfully Submitted,

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